

Substituted for by SF 2

2/24/99 Do Pa.

4/19/99

FEB 9 1999

(P. 1394)

WAYS AND MEANS

WITHDRAWN

HOUSE FILE

248

BY DODERER and JOCHUM

*2/15/99 Sponsor added - Davis & Murphy
myers*

2/17/99 Sponsor added - Schumon

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

WITHDRAWN
*4-19-99
(P. 1397)*

1 An Act providing a sales and use tax exemption for hospices.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HOUSE FILE 248

H-1038

- 1 Amend House File 248 as follows:
- 2 1. Page 1, line 5, by inserting after the word
- 3 "freestanding" the following: "nonprofit".
- 4 2. Page 1, line 6, by striking the words "in
- 5 accordance with" and inserting the following: "as
- 6 defined in".
- 7 3. Page 1, line 7, by striking the word and
- 8 figure "pt. 418" and inserting the following: "\$
- 9 418.3".

H-1038 FILED MARCH 1, 1999

By BLODGETT of Cerro Gordo

Adopted 4/19/99 (P. 1394)

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HF 248

1 Section 1. Section 422.45, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 54A. The gross receipts from the sale or
4 rental of tangible personal property or from services
5 performed, rendered, or furnished to a freestanding hospice
6 facility which operates a hospice program in accordance with
7 42 C.F.R., ch. IV, pt. 418, which property or services are to
8 be used in the hospice program.

9 EXPLANATION

10 The bill exempts from the sales and use taxes the sale of
11 tangible personal property or services furnished or rendered
12 to a freestanding hospice facility which operates a hospice
13 program in accordance with federal regulations and where the
14 property or services are to be used in the hospice program.

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H-1098

1 Amend House File 248 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section 1. Section 422.43, Code 1999, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 14. There is imposed a tax of
7 five percent upon the gross receipts from the sales or
8 rental of tangible personal property to a hospital or
9 from services performed, rendered, or furnished to a
10 hospital or hospice where the sales or services are on
11 behalf of a clinic or off-site pharmacy. A tax at a
12 like rate is imposed on the gross receipts from the
13 sales or rental of tangible personal property by a
14 hospital or hospice to a clinic or off-site pharmacy
15 or from services performed, rendered, or furnished by
16 a hospital to a clinic or off-site pharmacy.

17 For purposes of this subsection:

18 a. "Hospice" means a facility which operates a
19 hospice program as defined in 42 C.F.R., ch. IV, §
20 418.3.

21 b. "Hospital" means a hospital licensed pursuant
22 to chapter 135B.

23 c. "Offsite pharmacy" means a pharmacy not located
24 within a hospital or in close proximity to a hospital.

25 Sec. 2. Section 422.45, subsections 3 and 54, Code
26 1999, are amended to read as follows:

27 3. The gross receipts from sales of educational,
28 religious, or charitable activities, where the entire
29 proceeds from the sales are expended for educational,
30 religious, or charitable purposes, except the gross
31 receipts from games of skill, games of chance, raffles
32 and bingo games as defined in chapter 99B. This
33 exemption is disallowed on the amount of the gross
34 receipts only to the extent the gross receipts are not
35 expended for educational, religious, or charitable
36 purposes. This exemption is disallowed for the gross
37 receipts from transactions taxed under section 422.43,
38 subsection 14.

39 54. The gross receipts from the sale or rental of
40 tangible personal property or from services performed,
41 rendered, or furnished to a nonprofit hospital
42 licensed pursuant to chapter 135B to be used in the
43 operation of the hospital. This exemption is
44 disallowed for the gross receipts from transactions
45 taxed under section 422.43, subsection 14."

46 2. Title page, line 1, by inserting after the
47 word "hospices" the following: "and relating to sales
48 and services made to or by hospitals or hospices on
49 behalf of or to clinics and off-site pharmacies under
50 the sales and use taxes".

H-1098

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H-1098

Page 2

1 3. By renumbering as necessary.

By RICHARDSON of Warren

H-1098 FILED MARCH 16, 1999

**HOUSE FILE 248
FISCAL NOTE**

A fiscal note for House File 248 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 248 exempts from the sales and use taxes the sale of tangible personal property or services furnished or rendered to a free-standing hospice facility which operates a hospice program in accordance with federal regulations and where the property or services are to be used in the hospice program. When the 1998 General Assembly exempted nonprofit hospitals from the sales tax, hospice facilities located within hospitals were also exempted from the sales tax.

ASSUMPTIONS

1. There are 25 free-standing hospice facilities in the State.
2. Total taxable purchases by these free-standing hospice facilities are estimated at approximately \$1.0 million annually.

FISCAL EFFECT

The State General Fund fiscal impact of HF 248 is expected to be a reduction in sales tax revenue of approximately \$50,000 in FY 2000 and \$50,000 in FY 2001.

SOURCES

Iowa Hospice Association
Iowa Hospitals and Health Systems

(LSB 2048hh, LCS)

FILED MARCH 1, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR